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HORSE INDUSTRY STUDY

Project Number 271322

Under

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EXECUTIVE SUMMARY

PURPOSE

The major purpose of the study is to determine the current state and potential for growth of the horse industry in British Columbia. The major focus of the assignment consisted of an examination of the domestic and international marketing opportunities for B.C. purebred horses. In addition, the study included an examination of the potential for horsemeat.

SCOPE OF STUDY

In order to determine the current size of the B.C. horse industry, we sent out a total of 36 mail questionnaires to major horse breed associations represented in B.C. We also examined the information maintained by the Canadian National Live Stock Records. In order to determine the domestic and international marketing opportunities for B.C. purebreds, we conducted a market research program consisting of approximately 45 interviews with representatives of breed associations and major purebred breeders in B.C. We also contacted representatives of the horse industry in other provinces and the United States.

CURRENT STATE OF THE INDUSTRY

According to a survey undertaken by the B.C. Ministry of Agriculture and Food in 1981, there were approximately 63,250 horses in B.C. in 1981 with an estimated value of approximately $87.5 million. The survey also indicated that expenditures by the B.C. horse industry on feed, stabling, tack, clothing, transportation, training fees, etc. was a total of $155.5 million. As a result, the horse industry plays a very significant role in the B.C. economy.

MARKETING OPPORTUNITIES

A summary of our market research findings are as follows:

1. One of the major marketing opportunities for B.C. breeders is to replace some of the horses currently imported into B.C. While some horses will always be imported in order to upgrade the stock, the improvement in the quality of B.C. horses will eliminate the need to purchase many imported horses. While exact quality parameters have not been established, quality is usallly perceived by industry representatives to indicate factors such as the selling price, performance in shows and exhibitions, or the race track record of an animal.

2. A second marketing opportunity is to increase the exports of purebreds such as Quarter Horses, Arabians, Morgans, and Appaloosas. The major export markets are the U.S. and Europe while the Pacific Rim markets also have some potential. To penetrate these markets, however, an aggressive promotional campaign is required including greater participation in major horse shows and wider distribution of promotional material.

3. By replacing some of the imports and increasing exports, there exists potential to increase the production of purebred horses in B.C. by about 550 horses per year resulting in incremental sales revenue of about $3.0 million per year.

INDUSTRY CONSTRAINTS

The major constraints of the B.C. horse industry are as follows:

1. There exists a lack of data on the size of the horse industry in B.C.

2. The quality of B.C. horses must be improved.

3. B.C. breeders have not devoted sufficient effort to the export markets.

4. The horse industry in Canada is constrained by existing tax regulations.

5. The horse industry in B.C. is not organized to represent the collective interests of B.C. breeders.

6. The financial and technical support provided to the B.C. horse industry by the B.C. Ministry of Agriculture and Food has been insufficient.

   Only about 10% to 20% of the time of the current Horse Specialist is devoted to horses as the majority of his time is devoted to the swine industry. The budget allocated to the horse industry by the B.C. Ministry of Agriculture and Food is also insufficient and specific programs to assist the horse industry have not yet been developed.

RECOMMENDATIONS

Our recommendations regarding the steps required to achieve the potential of the B.C. horse industry are as follows:

1. The level of financial and technical support provided to the horse industry by the B.C. Ministry of Agriculture and Food should be increased.

   Accordingly, a full time Horse Specialist should be appointed. Specific programs should also be developed by the B.C. Ministry of Agriculture and Food to assist the industry. Some of the programs required are as follows:

   - Educational programs and courses in horse health care, business management, promotion and marketing;

- Marketing and promotional grants to assist breeders to exploit domestic and international markets.

- Travel grants to aid breeders in displaying their top quality horses at national and international horse shows.

2. A Horse Improvement Program should be initiated to enhance the quality of B.C. purebred horses.

   As part of this program, annual horse shows should be held where purebred horses are individually appraised in competition with other horses of the same breed and class. Prize money should be paid to winners. The program should be planned by a committee of breed representatives and the B.C. Ministry of Agriculture and Food through the Horse Specialist.

3. An organization consisting of all purebred breeders in B.C. should be established.

   The purpose of the organization would include the investigation of opportunities in different national and international markets, and the development of a marketing campaign to promote B.C. purebreds in both Canada and other countries.

4. An aggressive marketing campaign should be developed to achieve the sales potential of B.C. purebred horses.

   To achieve this potential, the level of promotion undertaken by individual breeders, breed associations, and the industry in general should be increased. The major elements of the marketing strategy should include the following:

   - Greater participation of top quality B.C. animals in national and international competitions;

- Increased advertising by breed and industry publications to promote B.C. purebred horses;

- Distribution of promotional material in printed and video form to make potential buyers aware of the high quality of B.C. horses.

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I. METHOD OF STUDY

The purpose of the study is to determine the current state and potential for growth of the horse industry in British Columbia. The major focus of the assignment consisted of an examination of the domestic and international marketing opportunities and constraints of the B.C. purebred horse industry. In addition, we examined the characteristics and market potential of the horse meat industry.

To undertake the assignment, we first met with Mr. Alfred Wahl, Horse and Swine Specialist, of the B.C. Ministry of Agriculture and Food to obtain the previous studies and published information on the size of horse industry in B.C. To determine the number of purebred horses in B.C., we examined the information published by the Canadian National Live Stock Records. We also sent a total of 36 mail questionnaires to the Canadian and North American headquarters of the major horse breeds represented in British Columbia. The information requested included the number of purebred horses in each province, the size of the breed stock in B.C., the proportion of purebred horses bred in B.C., and the average value of B.C. bred animals. We received a total of 20 responses to the mail questionnaires.

The information obtained from the Canadian National Live Stock Records and the Canadian and U.S. breed associations had serious shortcomings. In some instances, the number of purebred animals reported to be in B.C. was considerably less than that known to exist by local industry representatives. In addition, data on the number of purebred horses bred in B.C. and the average value of B.C. bred animals was not maintained by most associations or the Canadian National Live Stock Records.

In order to determine the domestic and export marketing opportunities for horses produced in B.C, we contacted representatives of Statistics Canada in Ottawa to obtain information on the number of horses imported and exported from B.C. and Canada. We also contacted the Food and Agriculture Organization (F.A.O.) in Rome, Italy as well as the following foreign consulates and embassies:

- Consulate General of Japan, Vancouver, B.C.
- Embassy of Belgium, Washington, D.C.
- Embassy of the Republic of France, Ottawa, Ontario
- Embassy of the Federal Republic of Germany, Washington, D.C.
- Consulate-General of Australia, Vancouver, B.C
- British Consulate General, Vancouver, B.C.
- Consulate General of Italy, Vancouver, B.C.

We also interviewed representatives of the major organizations comprising the horse industry in B.C. A partial list of the organizations contacted is provided below:

- B.C. Horse Council
- B.C. Morgan Horse Association
- B.C. Quarter Horse Association
- Canadian Morgan Horse Club
- Canadian Thoroughbred Horse Society (B.C. Division)
- Canadian Trotting and Standardbred Association
- B.C. Peruvian Horse Association
- B.C. Arabian Horse Association
- B.C. Hunter Improvement Society
- American Arabian Club
- Thoroughbred and Half-Thoroughbred Horse Show Association
- International Arabian Horse Association
- Appaloosa Horse Club of Canada
- B.C. Standardbred Breeders Associaition

In addition, we also conducted over 30 interviews within major purebred producers of B.C. We have also met with Mr. Jim Keeling, President of Cloverdale Raceways and Mr. Merv Peters, Director of Racing, Exhibition Park to determine the demand for horses by the B.C. racing industry.

In order to determine the number of horses exported by other Canadian provinces, we contacted the following government and industry representatives:

- Mr. Doug Milligan
  Horse Improvement Branch
  Alberta Agriculture
  Calgary, Alberta.

- Mr. Dave Esworthy
  Canadian Equestrian Federation

- Mr. Jack Hawkwood
  Western Stockgrowers Association
  Calgary, Alberta

We contacted the following representatives of the horse industry in the United States in order to assess the competitiveness of B.C. horses and the potential opportunities to increase sales to the U.S. market:

- Mr. Larry Spielman
  Oregon Horsemen Association

- Ms. Vivian Ginn
  California Horse Council

- Mr. Ralph Vacca
  Washington Horse Breeders Association

In order to determine the demand for horsemeat, we conducted telephone interviews with representatives of the following horse meat packers:

- Alsask Processors, Edmonton, Alberta
- Century Packers, Calgary, Alberta
- Plains Processing, Carman, Manitoba
- Barton Feeders, Owen Sound, Ontario
- Florence Packing, Stanwood, Washington

In addition, we contacted the following manufacturers of pet food to determine their requirements for horsemeat:

- K-9 Products, Abbotsford, B.C.

- Bukowski Mink Ranch, Abbotsford, B.C.
- Carson Stock Farms (1980) Ltd., Aldergrove, B.C.
- Dargatz Mink Ranch, Chilliwack, B.C.
- Deboer's Pet Foods, Salmon Arm, B.C.

The following chapter contains a description of the current state of the horse industry in B.C. Chapter 3 provides our findings and conclusions regarding the marketing opportunities for B.C. horses in the domestic and export markets while Chapter 4 contains our analysis of the characteristics of the horsemeat industry. The last chapter of the report provides a summary of our conclusions and recommendations regarding the steps required to achieve the potential of the B.C. horse industry.

TABLE 1

NUMBER AND VALUE OF HORSES ON FARMS
1921 - 1981

	1981	1971	1961	1951	1941	1931	1921
Number	39,356	32,461	23,907	36,054	63,048	57,157	61,385
Value	NA	NA	2,926,655	2,865,484	3,683,693	3,156,166	5,931,659
No. of farms with horses	6,414	6,279	4,535	9,258	14,654	14,499	14,609

Source: Statistics Canada

II. CURRENT STATE OF THE HORSE INDUSTRY

The purpose of this chapter is to provide an indication of the current state of the horse industry in B.C. The following paragraphs contain our findings and conclusions regarding the number of horses produced in B.C. and a description of the organization of the industry.

A. SIZE OF INDUSTRY

Table 1 illustrates the total number of horses on farms[1] in B.C. for the last sixty years. As indicated in Table 1, the population of horses peaked in 1941 with a total of 63,048 horses on farms in B.C. At this time, the horse industry was a vital and healthy part of the agricultural community as horses were used for a number of purposes including draft, carriage and racing. After 1941, however, the horse population in B.C. declined considerably due to the replacement of horses by tractors and automobiles. Due to this increased mechanization, the use of draft horses declined and virtually the only demand was for pleasure horses and an occasional race horse. As shown in Table 1, the industry reached a low in 1961 when there were only a total of 23,907 horses on farms in B.C.

After 1961, the horse industry experienced a resurgence. The number of horses on farms has increased from 23,907 in 1961 to 39,356 in 1981. The major factor contributing to this growth is an increase in the demand for high value recreational animals and good racing horses.

As shown in Table 2, the largest concentration of horses in B.C. is located in the Lower Mainland. In 1981, there were a total 7,804 animals or 20% of the total B.C. horse population in the Lower Mainland. A significant number of horses are also raised in the Peace River and the Okanagan regions.

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1 Farm is defined by Statistics Canada as a farm, ranch or other agricultural holding with sales of agricultural products during the past 12 months of $250 or more.

TABLE 2

NUMBER OF HORSES ON FARMS IN B.C. BY REGION IN 1981

Region	Number of Farms	Number of Horses
Kootenay	400	2,302
Okanagan	1,254	6,317
Thompson	546	4,219
Lower Mainland	1,398	7,804
Vancouver Island	519	1,989
Cariboo	664	4,890
Omineca	817	4,112
Peace River	816	7,723
Total	6,414	39,356

Source: Statistics Canada

As indicated in Table 2, there were a total of 6,414 farms in B.C. in 1981 that owned horses. According to Statistics Canada, there were only a total of 20,012 census farms in B.C. at this time. Accordingly, horses are found in one out of every three farms in B.C. in 1981.

The 1981 Census of Agriculture data provided in Table 2 does not include horses that do not reside on farms. As a result, horses kept at race tracks, stables, Indian reserves and hobby farms are excluded from these figures. Published statistics on the number of horses not on farms, however, are not available. Therefore, it is difficult to determine the total number of horses in the province.

The most recent estimate of the total B.C. horse population is provided by a survey undertaken by the B.C. Ministry of Agriculture and Food in 1981. The survey consisted primarily of a few key interviews with industry representatives as an extensive polling of members of the horse industry was not undertaken. According to this survey, the total horse population in B.C. in 1981 was estimated to be 63,250 with a total value of approximately $87.5 million as shown below:

ESTIMATED POPULATION AND VALUE
OF HORSE INDUSTRY IN B.C. IN 1981

	Estimated No. of Horses	Average Value/ Head	Total Value ($000,000)	Average Annual Expenditure /Head	Total Annual Expenditure ($000,000)
Racing	$ 3,000	$ 6,000	$18.0	$ 15,000	$ 45.0
Top Competition	250	20,000	5.0	12,000	3.0
General Competition	5,000	3,000	15.0	5,000	25.0
Pleasure and Range	55,000	900	49.5	1,500	82.5
Total	$ 63,250	$ 1,383	$87.5	$ 2,458	$ 155.5

As shown above, the horse industry in B.C. consists of three major segments: racing, competition, and pleasure and range horses. There are approximately

TABLE 3

ESTIMATED POPULATION OF MAJOR PUREBREDS IN BRITISH COLUMBIA IN 1983

Breed	Population
Quarter Horse	12,249
Thoroughbred	8,500
Half-bred Arabian	6,148
Arabian	3,648
Standardbred	3,000
Morgan	1,188
Half-bred Thoroughbred	700
Welsh	650
Appaloosa	600
Peruvian Paso	414
Pony of the Americas	169
Percheron	168
Palomino	154
Belgian	110
American Saddlebred	94
Hunter	92
Clydesdale	70
Tennessee Walking Horse	52
Hackney	34
Suffolk	6
Trakehner	4
Total	38,050

Source: Canadian National Live Stock Records and registries of individual breed associations

3,000 racing horses in B.C. consisting primarily of Thoroughbreds and Standardbreds. The average value of the racing horses in B.C. is estimated to be about $6,000.

The second major aspect of the horse industry consists of about 5,250 competition horses. These horses include hunters, jumpers and other animals used for equestrian events. The average value of the horses used for competition ranges from $3,000 for general competition animals to $20,000 for top-quality animals.

The third aspect of the horse industry includes horses used for pleasure and range purposes. This category includes horses used for ranching and farming activities, trail riding and other recreational pursuits. There are estimated to be about 55,000 horses in B.C. used for pleasure and range purposes. The average value of these animals is approximately $900.

The above table also indicates the annual expenditures for expenses such as horse feed, stabling, tack, clothing, transportation, training fees, show fees, veterinary expenses, and stud fees is estimated to be approximately $155.5 million. As a result, the horse industry in B.C. is a very significant aspect of the overall B.C. economy.

B. NUMBER OF PUREBREDS

As shown in Table 3, there were approximately 38,050 registered purebred horses in B.C. in 1983. These population estimates are based on the statistics reported by the Canadian National Live Stock Records and the information maintained by the registries for individual breed associations. According to the industry representatives contacted, there are a significant number of purebred horses which are not registered and are, therefore, not included in the horse population estimates provided in Table 3. In addition, there are a number of purebreds such as Gelderlanders which are present in B.C. but as yet have no association registry in Canada.

In order to determine the number of other purebreds in B.C., we obtained estimates from each breed association of the number of non-registrations. In addition, we obtained population estimates of the breeds not shown in Table 3 from the Horse Council of B.C. and other industry representatives. By including these non-registrations and the breeds not listed, the total number of purebred horses in B.C. is estimated to be approximately 45,000.

Regular statistics on the number of purebred breeding stock are not maintained by the Canadian National Live Stock Records or the individual breed associations. As a result, it is difficult to determine the proportion of the purebred horses in B.C. which are breeding stock. Based on the survey responses received, however, the number of geldings is estimated to account for approximately 30% of the total population of purebred male horses in B.C. This percentage, however, varies from as low as 20% for pleasure horse breeds such as Arabians and Morgans to as high as 70% for Thoroughbreds which are used primarily for racing.

The breed registries contacted also did not maintain information on the proportion of B.C. horses that were bred in B.C. Based on industry representatives contacted, the proportion of B.C. bred horses currently ranges from 10% to 20% for breeds such as Arabians and Appaloosas to over 90% for Thoroughbreds.

As shown in Table 3, Quarter Horses represent the largest segment of the B.C. purebred horse population. In 1983, there were a total of 12,249 Quarter Horses in B.C. which accounted for about 32% of the total number of registered purebreds in B.C. Quarter Horses are used extensively for pleasure and show purposes. In addition, Quarter Horses are used for racing in the interior of B.C.

The second major breed in B.C. are Thoroughbreds, of which there are approximately 8,500 registered horses. Thoroughbreds are used primarily for racing while a small proportion are also used for pleasure and show purposes. There exist a considerable number of Standardbreds in B.C. for harness racing purposes. In 1983, there were about 3,000 registered Standardbreds in B.C.

TABLE 4

NUMBER OF PUREBRED HORSES REGISTERED IN B.C.

FOR SELECTED BREEDS

Breed	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Quarter Horse	x	x	x	x	x	x	x	x	x	1,200
Thoroughbred	603	626	510	453	715	670	575	509	847	815
Standardbred	x	x	x	x	x	x	x	x	x	500
Arabian	103	447	362	268	261	249	282	239	280	299
Appaloosa	x	x	x	x	x	x	285	297	189	182
Morgan	77	88	131	58	47	45	81	72	90	106
Peruvian Paso	4	0	10	25	50	55	55	70	70	75
Welsh	x	x	x	x	x	x	x	x	25	26
Percheron	3	5	7	9	17	17	23	30	20	32
Belgian	0	0	1	2	3	4	13	25	34	31
Pony of the Americas	x	x	28	21	20	22	37	14	17	10
Hunter	11	6	5	3	2	1	1	1	1	9
American Saddlebred	5	9	5	6	3	1	2	3	5	7
Clydesdale	4	5	11	3	8	4	6	5	6	4
Trakehner	0	0	0	1	0	0	2	0	0	1
Hackney	2	2	5	1	3	0	2	1	4	0
Palomino	3	2	2	4	1	1	1	1	3	0

x = not available
Source: Canadian National Live Stock Records and breed associations

The other major breeds represented in B.C. are Arabians, Morgans, Welsh and Appaloosas. These horses are used primarily for pleasure and show purposes. There also exist a small number of draft or heavy horses in B.C. such as Percherons, Belgians and Clydesdales. In recent years, draft horses have been reappearing in many agricultural fairs as show animals. In addition, the increased use of horses for logging has resulted in increased demand for these animals. While no statistics are available, the population of the European warm bloods (e.g. Gelderlanders, Trakehners, and Halflingers) in B.C. is also increasing. These horses are used primarily as hunters and jumpers in equestrian competitions.

As shown in Table 4, there were approximately 3,300 purebred horses registered in B.C. in 1983. This figure provides an indication of the total number of horses produced in B.C. The value of the purebreds produced in B.C. in 1983 is estimated to be about $11.6 million.[2]

About 2,900 or 88% of the local purebred horses remained in B.C. and were used for racing or sold to recreational horse owners. Based on the industry representatives contacted, approximately 265 purebreds were sold to the Prairie provinces in 1983. In addition, 135 horses were exported through B.C. ports to the United States.

As shown in Table 4, Quarter Horses accounted for 1,200 or the largest number of purebred registrations in 1983. The number of Thoroughbreds and Standardbreds registered in 1983 was 815 and 500, respectively. The other breeds that showed a significant number of registrations in 1983 were Arabians, Appaloosas and Morgans.

C. RELATIVE SIZE OF B.C. HORSE INDUSTRY

A comparison of the size of the B.C. horse industry with other provinces is provided on the following page:

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2 Based on an average value of $8,600 per racing horse and $2000 for other purebreds.

TABLE 5

NUMBER OF PUREBREDS REGISTERED IN CANADA IN 1983

	B.C.	Alberta	Ontario	Other Provinces	Canada
Thoroughbreds	814	799	1,244	489	3,347
Quarterhorse	1,200	5,023	N/A	N/A	10,340
Standardbred	500	550	N/A	N/A	5,545
Arabian	299	860	246	479	1,884
Appaloosa	182	475	135	460	1,252
Belgian	31	183	314	452	980
Percheron	32	106	173	208	519
Morgan	106	128	63	134	431
Welsh	31	77	81	67	256
Hunter	9	3	181	21	214
Clydesdale	4	35	94	76	209
Peruvian Paso	75	106	6	21	208
Tennessee Walking Horse	9	66	3	13	91
American Saddlebred	7	16	55	3	81

Source: Canadian National Live Stock Records and breed associations

NUMBER OF HORSES ON FARMS IN CANADA IN 1981

Province	Number of Horses	% of Total
British Columbia	39,356	11.0%
Alberta	118,708	33.2
Saskatchewan	60,180	16.8
Manitoba	31,284	8.7
Ontario	74,986	20.9
Quebec	24,682	6.9
New Brunswick	2,972	0.8
Nova Scotia	3,297	0.9
Prince Edward Island	2,317	0.7
Newfoundland	340	0.1
Total	358,122	100.0%

Source: Statistics Canada

As indicated above, B.C. accounted for 11% of the total number of horses on farms in Canada. Alberta has the largest number of horses accounting for 118,708 or 33% of the total Canadian horse population. The second and third largest horse populations are found in Ontario and Saskatchewan, which have a total of 74,986 and 60,180 horses, respectively.

A comparison of the number of purebreds registered in B.C. with other provinces in Canada is provided in Table 5. As indicated, B.C. accounted for 24% of the total number of Thoroughbreds registered in Canada in 1983.

The largest number of Thoroughbreds was registered in Ontario with 37% of the total. Ontario also accounted for the largest number of registrations in 1983 for Standardbreds, Belgians, Percherons, Hunters, Clydesdales and American Standardbreds.

Alberta accounted for 5,023 or 49% of the total number of Quarter Horses registered in Canada. The largest number of Arabians and Appaloosas were also registered in Alberta.

D. ORGANIZATION OF THE B.C. HORSE INDUSTRY

One of the major organizations representing the horse industry in B.C. is the Horse Council of British Columbia which is an association of individuals and clubs interested in equestrian activities including Western, English, recreational and competition riding. The Horse Council of B.C. was formed in 1980 as a result of the amalgamation of the B.C. Equestrian Federation and the B.C. Horse Owners Association. The stated purposes of the Horse Council of B.C. include the following:

- To provide a coordinating body to serve all equestrian and equine interests except pari-mutuel racing.

- To foster and stimulate interest in equestrian sports.

- To encourage and facilitate educational programs for horse owners and persons associated with the industry.

- To support and stimulate interest in horse breeding and all other aspects of the horse industry.

The Horse Council of B.C. is managed by a Board of Directors drawn from each region in B.C. as well as from affiliated national and provincial equestrian associations. The Council is a recognized provincial chapter of the Canadian Equestrian Federation. Funding for the Horse Council of B.C. is raised through memberships as well as grants from the B.C. Government through the Physical Fitness and Amateur Sports Fund.

In addition to the Horse Council of B.C., there exist associations for almost every major breed of horse in B.C. The members of the breed associations consist of breeders who produce horses for sale for domestic and international markets. In addition, breed associations include individuals who own purebreds for competition and show events (e.g. hunting and jumping). The major functions performed by the breed associations include promotion and advertising and the education of its members. Usually, the local breed associations are affiliated

with national and international horse societies. As an example, the local Arabian Horse Association of B.C. is a member of the Canadian Arabian Horse Registry which in turn is a member of the International Arabian Horse Association.

Another segment of the horse industry is the recreational riders who own horses for pleasure riding and competition. These individuals may belong to pony or horse clubs which essentially organize activities for its members. The B.C. Horse Owners Association is an example of such an organization. It was founded to represent the interests of recreational riders in B.C.

The racing industry comprises the third segment of the B.C. horse industry. Three types of racing occur in the province. The most established sector is Thoroughbred racing which is organized by the B.C. Jockey Club. The B.C. Jockey Club currently leases and operates race tracks in Vancouver and Victoria. Because Thoroughbreds have been used almost exclusively for racing, Thoroughbred breeders have not been involved to date with the Horse Council of B.C. which devotes its energies primarily towards the promotion of pleasure riding and competition activities. Instead, the owners and breeders of Thoroughbreds are represented by the Canadian Thoroughbred Horse Society (B.C. Division).

Standardbred racing, also known as harness racing, was initiated in B.C. within the last 10 years. Standardbred racing is undertaken at the Cloverdale Raceways in Cloverdale and the Sandown Raceway in Victoria. The owners and breeders of Standardbreds belong to the B.C. Standardbred Breeders Association.

Quarter Horse racing is the least developed segment of the racing industry in B.C. and occurs primarily at country fairs in the interior of B.C. The length of Quarter Horse races is generally ¼ mile.

The B.C. Ministry of Agriculture and Food provides funds for a Horse Specialist to foster the interests of horse breeders and owners in B.C. With regard to the horse racing industry, the Attorney General through the B.C. Racing Commission is responsible for establishing and maintaining regulations regarding race track betting. The B.C. Racing Commission also manages the revenue obtained

through the pari-mutuel betting[3] at the racetrack. A government tax or "take-out" of 7% on the wagered dollar is collected. The government returns 2.3% to the Thoroughbred industry for the following purposes:

- .78% Brood Mare Award Program
  Paid to the owners of the brood mare when the horse finishes first through third in any race but claiming races with purses less than $4,000.

- 1.15% B.C. Bred Purse Supplement
  Paid to B.C. resident owners of B.C. bred horses which finish 1, 2, 3, 4 and 5.

- .23% Stallion Awards
  Provided to 1st, 2nd and 3rd place finishers which are B.C. bred offspring of B.C. stallions. Award is given to the stallion's owner at the time of service.

- .14% Stake Races and Fillies and Mare Purse Supplements
  Paid to B.C. owners of fillies or mares which finish first through third in any race but a claiming race.

2.3% Total

A total of 1.65% of the wagering dollar is distributed to the Standardbred industry as follows:

- .45% Brood Mare Award Program
  Paid to B.C. owners of B.C. brood mares whose offspring finish first in any race or first through third in preferred, invitational, or stake races.

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3 Pari-mutual betting is a betting pool in which those who bet on the winners of the first three places share the total amount bet minus a percentage for the management.

- .30% Stake Races and Fillies and Mares Purse Supplement
Provided to B.C. owners of winners in any additional race or 1st through third in preferred, invitational or stake races.

- .90% B.C. Bred Purse Supplement
Paid to the B.C. owner of B.C. bred horses finishing 1st through 5th, in any race.

1.65% Total

The following table shows the awards and supplements paid out to the B.C. Thoroughbred and Standardbred breeders and owners:

AWARDS AND SUPPLEMENTS PAID
TO B.C. RACING INDUSTRY IN 1983

	Thoroughbred	Standardbred
Brood Mare Award Program	$ 1,119,844	$ 312,169
B.C. Bred Purse Supplement	1,651,052	680,888
Stallion Award	330,211	N.A.
Stake Races and Fillies and Mares Purse Supplement	200,997	208,114
Total	$ 3,302,104	$ 1,201,171

N.A. = Not Applicable
Source: B.C. Racing Commission

As shown above, 50% of Thoroughbred awards and 57% of Standardbred awards are returned to B.C. horse owners. Thoroughbred breeders are given 34% of supplements while Standardbred breeders receive 26%. The remainder is provided for stallion, filly and mare awards. As a result, the provincial government provides a considerable incentive towards the production of B.C. horses for the local racing industry.

TABLE 6

MARKET FOR PUREBRED HORSES IN B.C. IN 1983

Supplier	Thoroughbreds	Standardbred	Quarterhorse	Others	Total	% of of Total
B.C.	800	250	1,100	750	2,900	78%
Alberta	5	5	25	155	190	5
Other Provinces*	25	100	-	-	125	3
United States	70	145	75	220	510	14
Total	900	500	1,200	1,125	3,725	100%

*Primarily Ontario

Source: Extensive interviews with industry representatives and major horse breeders.

III. MARKET FOR B.C. HORSES

The following paragraphs provide our findings and conclusions regarding the domestic and international marketing opportunities for B.C. horses.

A. BRITISH COLUMBIA

As indicated in Table 6, a total of 3,725 purebred horses were supplied to the B.C. market in 1983. The value of these purebreds is estimated to be approximately $11.6 million. About 2,900 horses or 78% of the B.C. market was supplied by horses produced in the province. The second largest supplier is the United States which shipped a total of 510 horses to B.C. at an estimated value of $855,000. The other major suppliers to the B.C. market are Alberta and Ontario which shipped approximately 190 and 100 horses, respectively.

The B.C. market for purebred horses consists of a number of different breeds with distinct market segments. A description of the opportunities for each major breed is provided below:

Thoroughbreds

The number of Thoroughbreds produced for sale in B.C. is estimated to be approximately 800 horses per year. Top quality Thoroughbreds are used primarily for racing while horses not suitable for racing are sold for pleasure and show purposes. In the past, the performance (i.e. speed) of the racing Thoroughbreds produced in B.C. was not considered to be as high as horses produced in other parts of North America. As a result, a significant number of Thoroughbreds were imported into B.C. from Ontario, Kentucky and California.

Due to the Horse Racing Improvement Program introduced by the B.C. Government in 1978, local breeders started to import a number of top quality animals into B.C. for breeding purposes. This has resulted in a significant improvement in the quality of the local purebreds and their greater use in local races. As a result, there has been a gradual decline over the last five years in the number of Thoroughbreds imported for racing and breeding purposes.

As shown in Table 6, about 800 or 90% of the total number of Thoroughbreds registered in 1983 were supplied by B.C. breeders while the balance were imported into the province. About 70 Thoroughbreds were imported from Kentucky and California and consisted of breeding and racing stock. Approximately 25 Thoroughbreds were also purchased from Ontario while Alberta supplied about 5 animals to B.C. in 1983.

Based on the industry representatives contacted, the performance at the race track of B.C. Thoroughbreds is generally better than most of the horses produced in Alberta and the other Prairie provinces. As a result, B.C. breeders sell about 50 Thoroughbreds a year into the Prairie provinces.

The industry representatives contacted feel that, as the quality of the local Thoroughbreds improves, there exists potential to replace about one half of the 100 Thoroughbreds currently being supplied to the B.C. market by other provinces and the United States. The quality of B.C. Thoroughbreds, however, is not likely to reach the levels obtained by Ontario, Kentucky, California and Washington for several years. As such, it will still be necessary for B.C. breeders to continue to import a small volume of animals from these areas in order to improve the quality of the local stock.

The demand for Thoroughbreds in B.C. could increase in the future if racing increases in popularity. As an illustration, if the number of weekly racing days is increased from four to five, the number of racing horses required would be increased by 20% to 25%. In addition, the current B.C. race tracks are only 5/8 of a mile in length which is considerably shorter and more dangerous than the race tracks in major North American cities. If a larger track were provided, a higher quality of horse could likely be attracted to compete in B.C. thereby increasing the popularity of racing and the attendance at local tracks.

Standardbreds

Approximately 500 Standardbreds were registered in B.C. in 1983. As shown in Table 6, only about one-half of the Standardbreds registered in B.C. were produced locally. The number of Standardbreds imported from the United States

in 1983 is estimated to be about 145 while the balance of the horses were obtained from Ontario.

Because Standardbred racing has only been initiated in B.C. in the last ten years, the quality of the horses has not yet improved sufficiently to perform well in local races. The breeding incentives provided by the B.C. government should contribute, however, to the improvement of the local stock by encouraging local breeders to import good quality breeding animals. As the quality of the local stock improves, there exists potential in the long term to replace a large proportion of the Standardbreds currently being imported into B.C. While a small number of Standardbreds will always be required in order to improve the quality of the local stock, the industry representatives contacted felt that there exists potential to replace up to 150 of the Standardbreds currently being imported each year.

Quarter Horses

A total of 1,200 Quarter Horses were registered in B.C. in 1983. As shown in Table 6, about 1,100 or 92% of these Quarter Horses were produced in B.C. Alberta supplied approximately 25 horses primarily to northern and interior B.C. communities where lower transportation costs make Alberta horses more competitive than horses shipped from the Lower Mainland. Based on the industry representatives contacted, approximately 75 Quarter Horses were shipped from Washington and other U.S. states to B.C. in 1983.

The overall quality (i.e. performance in shows, judging events, exhibitions, etc.) of B.C. Quarter Horses is high compared to other provinces in Canada. In the last few years, between 50 to 100 Quarter Horses have been sold each year to Alberta buyers. A number of these animals have then been subsequently resold in export markets at a higher price. The balance of these Quarter Horses are retained in Alberta to improve the quality of the province's breeding stock.

According to the industry representatives contacted, there exists insufficient promotion of the quality of B.C. Quarter Horses in local and international markets. Local breeders do not participate enough in national and international

shows. As a result, it is difficult for them to ascertain the quality of their animals and to be knowledgeable of the export markets. Moreover, the focus of local breeders has been the B.C. market which is relatively small in size. This domestic market is not willing to pay the price that could be obtained in export markets.

The major demand in the B.C. and international markets is for a medium to top quality horse. The market for lower quality Quarter Horses is not strong as the recent decline in economic conditions has reduced the number of low to middle income wage earners that can afford to keep a horse. The horse buyers in the upper income brackets are not as price sensitive and so demand a top quality animal. Many upper income buyers, however, perceive the quality of imported Quarter Horses to be higher. As a result, about 100 Quarter Horses were imported into B.C. by local horse purchasers in B.C. in 1983.

We feel that if an aggressive marketing campaign were initiated by B.C. Quarter Horse producers, a large proportion of the horses imported into B.C. could be replaced. The potential increase in production that could be achieved by replacing imports is estimated to be approximately 50 to 75 horses per year. A small volume of horses would always have to be imported into B.C., however, to improve the quality of local stock.

Other Breeds

The other breeds of horses produced in B.C. are used for pleasure, show, and competition purposes. Some of the major breeds included in this category are Arabians, Morgans, Appaloosas, and Peruvians. In addition, there are other breeds such at Trakehners, Hanovarians, and other warm blooded European performance breeds which are all high priced performance animals used in dressage, combined eventing and jumping competitions. Our observations regarding the marketing opportunities for these other purebreds are as follows:

1. Similar to Quarter Horses, the demand for some of these other breeds (eg. Arabians, Morgans, Appaloosas, etc.) as a relatively low priced pleasure and show horse has declined considerably in B.C. due to the

poor economic conditions in the province. The costs of boarding and maintaining a horse have increased substantially such that a large portion of middle income purebred buyers can no longer afford to keep a horse.

2. The major marketing opportunity for these other breeds, therefore, is to produce a medium to top quality horse to replace the horses currently being imported into B.C.

   In order to replace imports, however, the quality of local stock must be improved. In addition, B.C. horse purchasers must be made more aware that some good quality horses can be purchased locally. The best method of achieving this awareness is to increase the number of local horse shows and judging events. In addition, the local breeders must be encouraged to enter more of their top quality horses in national and international horse shows. These actions would demonstrate to the local market that B.C. horses are of high quality.

3. There exists a growing demand for European warm bloods (such as Gelderlanders and Halflingers) for competition events. These breeds have become popular as a result of their success in recent Olympic competitions.

4. The demand for draft horses such as Belgians, Percherons, and Clydesdales is also projected to increase. The major use of these animals is for show purposes. In addition, the number of draft horses used for logging has been increasing.

In summary, we feel that there exists potential to replace 350 or about 40% of the total number of horses imported into B.C.

TABLE 7

U.S. IMPORTS OF HORSES IN 1983

Country	Number	Value ($000's)
Canada	1,730	$ 4,605
Mexico	580	440
Costa Rica	6	63
Panama	22	782
Bermuda	8	64
Jamaica	6	93
Dominican Republic	23	1739
Columbia	57	847
Venezuela	27	877
Peru	23	203
Chilie	62	2063
Brazil	6	135
Uruquay	17	343
Argentina	660	4353
Sweden	175	2139
Finland	8	181
Denmark	109	1793
United Kingdom	742	31945
Ireland	245	11997
Netherlands	350	5258
Belgium	6	195
France	423	21216
Federal Republic of Germany	688	4985
Switzerland	18	74
Poland	30	2931
Spain	42	285
Italy	12	359
Israel	2	300
Japan	14	5271
Australia	150	780
New Zealand	424	7564
Egypt	10	340
Other Countries	67	588
TOTAL	6,742	$ 114,808

Source: U.S. Bureau of the Census

B. ALBERTA

According to Statistics Canada, Alberta has the largest number of horses in Canada. According to representatives of Alberta Agriculture, the size of the Alberta horse industry (i.e. number of breeding stock) is projected to increase considerably in the next five to ten years. Through the Horse Industry Branch, Alberta Agriculture has embarked on a concerted effort to stimulate the growth of the Alberta horse industry. The focus of the programs offered by the Horse Industry Branch are two-fold: to replace imports and to increase the volume of horses exported from Alberta. According to Mr. Doug Milligan of the Alberta Horse Industry Branch, Alberta is projected to export approximately 500 purebred horses to the United States in 1984. The major breeds to be exported include top quality Arabians, Quarter Horses, Appaloosas as well as a few Thoroughbreds. Due to the assistance provided by Alberta Agriculture, approximately 100 Quarter Horses are also projected to be sold in Europe this year.

Based on our market research, B.C. breeders sold approximately 100 horses to Alberta in 1983. The majority of these sales consist of Thoroughbreds and Quarter Horses as the quality of B.C. horses is considered to be superior to Alberta horses. The opportunities to further increase sales of B.C. horses, however, are limited due to the increasing quality of horses produced in Alberta. Alberta breeders will continue to purchase some high quality purebreds from B.C., however, in order to improve the quality of their stock.

C. UNITED STATES

Due to its proximity, the United States is the major export market for B.C. horses. The U.S. market for purebreds is very large especially for top quality animals. As shown in Table 7, the United States imported a total of 6,742 horses in 1983. The value of the horses imported by the U.S. was a total of $114.8 million.

In 1983, Canada exported a total of 1,730 horses to the United States at a total value of $4,605,000. As shown in the table on the following page, B.C. exported

135 horses to the United States at a total value of $514,220. As a result, B.C. exports accounted for less than 0.5% of the total value of horses imported by the United States.

EXPORTS OF CANADIAN HORSES TO UNITED STATES

1979 - 1983

	Through B.C. Ports		Canada	
Year	Number Of Horses	Value	Number Of Horses	Value ($000's)
1979	185	$ 148,793	2,446	$ 4,593
1980	298	305,088	1,864	4,044
1981	62	85,150	1,203	3,201
1982	185	192,323	1,056	2,541
1983	135	514,220	1,730	4,605

Source: Statistics Canada

Our observations and findings regarding the opportunities to increase the sales of B.C. purebred horses to the United States are as follows:

1. There exist opportunities to sell top quality B.C. purebred horses in the U.S. The U.S. market is attractive because the prices paid are much higher than in Alberta or B.C. for good purebred horses. As an illustration, the average value of the horses imported into U.S. was about $17,000.

2. The major U.S. markets for B.C. horses are Washington, Oregon, and California. There also exists potential to sell purebreds in other states such as Arizona and Texas. The major breeds that can be sold to the U.S. market are Quarter Horses, Arabians, Appaloosas, and Morgans. In addition, there exists a growing demand in California for European warm bloods such as Gelderlanders and Halflingers.

TABLE 8

EUROPEAN IMPORTS OF PUREBRED HORSES

Country of Origin	Italy (1981)	France (1983)	Belgium-Luxembourg (1981)	West Germany (1982)	U.K. (1983)
France	3,315	-	454	a.	692
Netherlands	-	17	690	a.	-
Germany	-	24	292	a.	-
Italy	-	36	2	a.	-
U.K.	-	264	207	a.	-
Ireland	-	314	44	a.	4,000
Denmark	-	-	563	a.	-
Other EEC	-	-	-	2,252	934
Poland	-	-	8	35	-
Austria	-	6	7	42	-
Iceland	-	25	1	54	
USSR	-	-	252	-	-
USA	97	306	-	2,006	295
Canada	-	-	2	14	-
Others	2,287	127	25	729	236
Total Imports	5,699	1,119	2,547	5,132	6,157

Source: Consulates and embassies of Italy, France, Belgium, West Germany, and the United Kingdom.

3. In order to increase sales to the U.S. market, however, the degree of awareness of U.S. buyers regarding the quality of B.C. horses must be increased. The best method of increasing buyer awareness is to enter top quality B.C. horses in regional and national horse shows in the U.S. In addition, it would be necessary to undertake a more aggressive advertising and promotion campaign.

If an aggressive marketing program were undertaken, therefore, we feel that there exists potential to increase the sales of B.C. horses to the U.S. from current level of 135 per year horses to the range of 200 to 250 horses per year.

D. EUROPE

As shown in Table 8, the United Kingdom, West Germany and Italy are the major European importers of horses. European countries import a total of over 20,000 horses per year. The United States is one of the major suppliers of horses to Europe while a considerable number of horses are also produced for the European market by Ireland and France.

As shown in Table 9, the number of horses imported from Canada by Europe has increased from 5 horses in 1981 to 25 horses in 1983. The sales of Canadian horses to Europe in 1984 are projected to be in excess of 100 horses due to recent exports of Alberta horses to Europe. The majority of the horses exported from Alberta are likely to consist of top quality Quarter Horses.

Based on the industry representatives contacted, the major marketing opportunity for B.C. producers is to supply "Western-style" horses to European markets. The major demand exists for Quarter Horses while there are also opportunities to sell other "Western style" breeds such as Morgans, Appaloosas, etc.

The Italian Quarter Horse Industry is probably more advanced than any other in Europe. There are estimated to be about 600 Quarter Horses registered in Italy. The Italians are interested in only top quality horses for speed events like racing, barrel racing and pole bending. On November 6, 1983, the Alberta Quarter Horse

TABLE 9

CANADIAN EXPORTS OF HORSES TO EUROPE

Country	1981		1982		1983	
	Number	Value ($000's)	Number	Value ($000's)	Number	Value ($000's)
United Kingdom	-	$ -	-	$ -	17	$1,508
France	-	-	3	47	-	-
Germany	5	94	15	82	8	39
Switzerland	-		1	7	-	-
Total	5	$ 94	19	$136	25	$1,547

Source: Statistics Canada

Association shipped 18 animals to Italy to "Fieracavalli 83", Italy's largest horse show. Fourteen of the eighteen horses shipped were sold for between $7,500 and $25,000 with the average price about $12,000.

The other major markets for B.C. horses are Germany and the U.K. In addition, there exists opportunities to sell B.C. purebred horses to other European countries such as France and Belgium.

Based on our market research, we feel that there exists an opportunity for B.C. purebred producers to participate in the European market and that a potential sales volume of about 50 horses per year could be achieved. The major opportunities are to sell top quality Quarter Horses and other "Western style" breeds. In order to achieve the market potential, however, an aggressive promotion campaign is required including regular participation in major European horse shows as well as the development of brochures, video displays, and other information for promotional booths at trade shows.

E. PACIFIC RIM

As shown in Table 10, the Pacific Rim countries imported a total of 7,587 horses in 1982 at a total value of $56.7 million. The price paid for imported horses by Pacific Rim countries is relatively high as the average price was $7,480 per horse. Australia and Japan are the major Pacific Rim importers as these two countries imported 5,625 and 646 horses, respectively, in 1982.

The major supplier of horses to the Australian market is New Zealand. According to the available statistics, Canada supplied a total of 67 and 34 horses to Australia in 1980 and 1981, respectively. In 1982 and 1983, however, no further sales were recorded. Based on industry representatives contacted, there do exist some opportunities for B.C. producers to export horses to Australia. The major demand is for top quality Quarter Horses and Appaloosas. The potential volume likely to be achieved, however, is not substantial due to high transportation costs.

TABLE 10

IMPORTS OF HORSES BY PACIFIC RIM COUNTRIES

1979-1982

	1979		1980		1981		1982	
	No.	Value ($,000's)	No.	Value ($,000's)	No.	Value ($,000's)	No.	Value ($,000's)
Australia	2102	$ 18358	2187	$ 26521	1910	$ 26160	5625	$ 35499
Fiji	-	-	-	-	2	2	-	-
French Polynesia	2	7	6	17	1	7	20	43
Indonesia	15	20	15	15	1	1	11	4
Japan	1587	32180	1514	21576	1396	20709	646	8127
Korea	166	628	145	668	141	717	221	1035
Macau	-	-	484	180	179	76	-	-
Malaysia	230	935	71	457	201	547	212	808
New Caledonia	31	21	11	23	16	32	3	24
New Zealand	285	6532	266	4503	347	9418	320	8868
Pakistan	-	-	-	-	-	-	12	11
India	4	33	2	115	-	-	-	-
Phillipines	46	176	65	237	100	292	85	122
Singapore	197	633	208	1185	204	1830	269	1900
Taiwan	-	-	19	32	28	54	71	126
Thailand	287	330	123	456	113	555	92	187
TOTAL	4952	$ 59853	5116	$ 55986	4639	$ 60400	7587	$ 56754

Source: Fod and Agricultural Organization

The major supplier of horses to Japan is the United States. In 1982, the United States supplied 386 horses or 60% of the total number of horses purchased by Japan. The average value of the U.S. horses shipped to Japan in 1982 was $15,552. The second largest supplier to the Japanese market is Korea which shipped a total of 98 horses to Japan in 1982. From 1979 to 1981, approximately 115 horses were also sold by Canada to Japan at a total value of $680,900. No further Canadian sales, however, were recorded in 1982 and 1983.

Based on industry representatives contacted, there exists some potential to sell horses to Japan. The major types of animals that could be sold include Thoroughbreds, Standardbreds and draft horses such as Percherons and Clydesdales. In summary, the potential sales volume of B.C. horses to Pacific Rim countries is estimated to be about 35 horses per year.

F. SUMMARY

A summary of the major marketing opportunities for B.C. purebreds is as follows:

1. The major marketing opportunity for B.C. horses is to replace some of the animals currently being imported into B.C.

   In order to replace imports, however, it will be necessary to improve the quality of the local stock. We estimate that there exists potential to replace about 350 or 40% of the total volume of horses currently imported into B.C.

2. In order to replace imports, a more positive attitude must also be created among local buyers regarding the quality of local purebreds.

3. The second major market opportunity is to increase exports to the United States from the current level of 135 horses per year to a volume of 200 to 250 horses per year. The major breeds that could be sold to the U.S. market are top-quality pleasure and show horses such as Quarter Horses, Arabians and Morgans.

4. In order to increase sales to the U.S. market, it is necessary for B.C. horses to participate and win in national and international horse shows. This type of participation is the best type of promotion for B.C. horses and will eventually result in greater interest by U.S breeders in coming to B.C. for horses.

5. There also exists opportunities to sell top quality B.C. horses in Europe and Pacific Rim countries. Based on our market research, we estimate that there exists potential to achieve sales of 75 horses per year.

Based on our market research, therefore, there exists potential to increase sales of B.C. purebred horses by about 550 horses per year. By achieving the sales potential, the production of B.C. horses could be increased by about 20% from the current level of 3,300 horses per year. The incremental sales revenue which would result from additional purebred horse sales is estimated to be about $3.0 million.

TABLE 11

CANADIAN EXPORT OF HORSEMEAT

1979 - 1983

Destination	1979		1980		1981		1982		1983	
	Tonnes	Value $,000's	Tonnes	Value $,000's	Tonnes	Value $,000's	Tonnes	Value $,000's	Tonnes	Value $,000's
France	8,174	$21,618	7,116	$24,475	6,486	$22,715	5,286	$18,772	3,713	$12,011
Japan	3,857	7,443	3,930	8,088	4,636	11,107	3,884	10,954	3,207	8,642
Switzerland	652	2,431	688	2,613	611	2,707	510	2,336	441	1,848
Netherlands	1,029	1,957	1,154	2,136	701	1,260	1,279	2,537	915	1,340
Belgium	2,259	5,045	1,702	4,912	904	2,513	688	1,747	518	1,290
Other Countries	455	887	837	1,116	465	1,160	461	1,259	455	1,186
TOTAL EXPORTS	16,426	$39,381	15,427	$43,340	13,803	$41,462	12,108	$37,605	9,249	$26,317

Source: Statistics Canada

IV. DEMAND FOR HORSEMEAT

Horsemeat is obtained from primarily aged or damaged horses. Our observations and findings regarding the supply and demand for horsemeat in Canada and other countries in the world are provided in the following paragraphs.

A. PRODUCTION OF HORSEMEAT IN CANADA

Horsemeat is used as an ingredient in pet food as well as food for human consumption. Based on our interviews with pet food manufacturers, however, the volume of horse meat sold as pet food in B.C. is nominal. The drawback to using horsemeat in pet food is 10% to 20% higher in price as compared to beef. In addition, there does not exist sufficient supply of horses to meet the requirements of the pet food manufacturers.

The major use of the horsemeat produced in Canada, therefore, is for human consumption. Canada produced a total of 12,001 tonnes of horse meat in 1981. Of this total, Canadians consumed approximately 2,750 tonnes while the balance of Canadian production was exported.

There are seven horsemeat packing plants in Canada. Two of these plants are located in Alberta, one in Manitoba, and the balance in eastern Canada. Almost all of B.C. slaughter horses are shipped to Alberta as there is no horsemeat packing plant in the province. A small volume of B.C. horses is also shipped to the meat packing plant in Stanwood, Washington.

As shown in Table 11, Canadian exports of horsemeat have declined from 16,426 tonnes in 1979 to 9,249 tonnes in 1983. The major customers of Canadian horsemeat are France and Japan as these two countries accounted for 75% of total Canadian exports in 1983. Similarly, the exports of horsemeat through B.C. ports, primarily to Japan, have declined. In 1979, 283 tonnes of horsemeat at a value of $595,884 were shipped through B.C. ports. In 1983, however, only 73 tonnes of meat were exported through B.C.

TABLE 12

WORLD EXPORTS OF HORSEMEAT
(TONNES)

	1978	1979	1980	1981	1982
U.S.A.	54,986	54,182	55,269	42,498	31,554
Argentina	43,162	44,196	32,669	32,420	41,992
Canada	16,049	16,426	14,645	13,803	12,108
Brazil	34,848	29,046	28,515	26,598	17,813
Netherlands	7,737	8,797	8,674	8,097	10,689
U.K.	5,549	3,552	4,373	5,960	7,781
Belgium-Luxembourg	4,236	3,722	4,631	5,218	4,817
Poland	15,975	18,000	17,596	10,341	7,500
Australia	85	55	571	7,777	7,589
Other Countries	24,777	23,286	24,012	27,883	31,376
TOTAL	207,404	201,262	190,955	180,595	173,219

Source: Food and Agricultural Organization (FAO)

B. SUPPLIERS OF HORSEMEAT

The world demand for horsemeat has been declining. As a result, world production of horsemeat has decreased from 626,000 tonnes in 1969 to 569,000 tonnes in 1981. As shown in Table 12, total world exports of horsemeat were 173,219 tonnes in 1982 at a value of approximately $399.5 million. World shipments of horsemeat have declined steadily from 207,404 tonnes in 1978 to 173,219 tonnes in 1982. The three major exporters of horse meat are the United States, Argentina and Brazil while Canada ranked fourth as a world exporter.

The average price received for horsemeat sold in world markets in the last five years is as follows:

AVERAGE PRICE RECEIVED FOR EXPORTED HORSEMEAT

(PER TONNE)

($ Cdn)

	Canada	World
1978	$1366	$1486
1979	2047	1803
1980	2454	2064
1981	2491	2095
1982	2520	1938

As shown above, Canadian horsemeat producers have been able to obtain a premium in price for their product in the last four years. However, increased competition from Argentina and Brazil are likely to exert downward pressure on the world average price. As shown above, the average world price for horsemeat has not increased in the last three years.

C. MAJOR MARKETS FOR HORSEMEAT

The chief markets for horsemeat are European countries and Japan. The major world importers of horsemeat are France and Japan which imported a total of 50,349 tonnes and 48,261 tonnes, respectively, in 1982. The other major importers of horsemeat are Belgium, the Netherlands and Italy as shown below:

MAJOR WORLD IMPORTERS OF HORSEMEAT
IN 1982

Country	Volume (tonnes)	Value ($000's U.S.)
France	50,349	$ 136,515
Japan	48,261	91,385
Belgium-Luxembourg	30,009	75,189
Netherlands	31,158	60,094
Italy	8,535	20,605
Switzerland	2,968	11,683
Other Countries	1,939	4,044
TOTAL	173,219	$ 399,515

D. MARKETING OPPORTUNITIES AND CONSTRAINTS

Our observations and findings regarding the opportunities to increase the sale of horsemeat produced in Canada are as follows:

1. The consumption of horsemeat for food in Canada is not likely to increase substantially due to a negative response to the product by the majority of Canadians.

2. The opportunities to increase sales in the export market are limited due to greater competition in Canada's traditional markets.

   In recent years, Canadian sales to Europe have been steadily replaced by lower priced horsemeat from South America and Poland. Similarly, the horse meat supplied to Japan from Australia has been replacing the higher priced Canadian horsemeat previously sold in this market. Consequently, the share of the world export market for horsemeat held by Canada has decreased from 8.2% in 1979 to 7.2% in 1982.

3. The world demand for horsemeat appears to have declined. Due to relatively low beef prices, consumers are switching from horsemeat to beef.

In summary, the opportunities to increase sales of domestic and export horsemeat produced in Canada appear to be nominal.

V. CONCLUSIONS AND RECOMMENDATIONS

The following paragraphs contain our conclusions regarding the constraints and opportunities of the B.C. horse industry. In addition, we have provided the steps required to achieve the potential of the B.C. horse industry.

A. MARKETING OPPORTUNITIES

A summary of our market research findings is as follows:

1. One of the major marketing opportunities for B.C. breeders is to replace some of the horses currently imported into B.C. While some horses will always be imported in order to upgrade the stock, the improvement in the quality of B.C. horses will eliminate the need to purchase many imported horses.

2. A second marketing opportunity is to increase the exports of purebreds such as Quarter Horses, Arabians, Morgans, and Appaloosas. The major export markets are the U.S. and Europe while the Pacific Rim markets also have some potential. To penetrate these markets, however, an aggressive promotional campaign is required including greater participation in major horse shows and wider distribution of promotional material.

3. By replacing some of the imports and increasing exports, there exists potential to increase the production of purebred horses in B.C. by about 550 horses per year resulting in incremental sales revenue of about $3.0 million per year.

4. Due to poor economic conditions, the total demand for purebred horses in B.C. is not likely to increase substantially in the near future. However, there exists an opportunity to increase domestic demand in the long term through popularizing equestrain sports or, through promotion activities, to shift the demand from grade animals to purebreds.

B. INDUSTRY CONSTRAINTS

The major constraints of the B.C. horse industry are as follows:

1. There exists a lack of data on the size of the horse industry in B.C.

   Regular statistics are currently not maintained on the disposition and the use of the horses produced in B.C. In addition, there exists a lack of information on the total revenue of the horse industry. This lack of data on the industry makes it difficult for investors or financiers to provide the capital required to expand the industry.

2. The quality of B.C. horses must be improved.

   Additional incentives are required to improve the breeds of B.C. horses. As an illustration, there are an insufficient number of shows and judging events held in B.C. to encourage local breeders to improve their quality.

3. B.C. breeders have not devoted sufficient effort to the export markets.

   The participation by B.C. breeders in national and international horse shows has not been adequate. In addition, the amount of advertising and promotion done by local breed associations has been insufficient to increase awareness of B.C. horses in international markets.

   Due to the lack of sufficient emphasis on export markets, B.C. breeders have not been able to obtain top price for their horses. As an illustration, a number of B.C. Quarter Horses have been purchased by Alberta buyers and subsequently resold in the export market at a higher price.

4. The horse industry in Canada is constrained by existing tax regulations.

In Canada, the breeding of horses for racing is included in the definition of a farming business. However, Section 31 of the Income Tax Act states that where a taxpayer's chief source of income is neither farming nor a combination of farming and some other source of income, a limit is placed on the amount of a net farming tax that may be deducted from other sources of income. The maximum loss deductible from other sources of income in any one year is $5,000.

This tax treatment is in contrast to the United States, where as long as profits result in two out of seven consecutive years, losses from horse breeding activity is not restricted. The government tax provisions in the United States, therefore, are more permissive and provide greater tax incentives for horse production.

5. The horse industry in B.C. is not organized to represent the collective interests of B.C. breeders.

While the Horse Council of B.C. was formed to provide a focus for some aspects of the horse industry, the interests of the Thoroughbred and Standardbred breeders are not represented by the Council. Furthermore, the Horse Council of B.C. has not devoted sufficient emphasis on exploiting the market potential of B.C. purebred horses.

6. In order to enhance the development of the B.C. horse industry, additional support is required from the B.C. Ministry of Agriculture and Food.

Only about 10% to 20% of the time of the current Horse Specialist is devoted to horses as the majority of his time is devoted to the swine industry. The budget allocated to the horse industry by the B.C. Ministry of Agriculture and Food is also insufficient and specific programs to assist the horse industry have not yet been developed.

As a comparison, Alberta Agriculture has a Horse Industry Branch consisting of four full-time staff. The annual budget of the Horse Improvement Branch is approximately $450,000 and the major programs undertaken are described below:

- Annual market development grants of up to $25,000 to provincial breed associations.

- Travel assistance grants of up to $450 per horse for entry into national and international championship competitions.

- Annual grants of up to $10,000 each to assist provincial breed associations in hosting a Canadian Championship show.

- A Horse Improvement Program which consists of holding special judging shows and prizes of up to $2,000 per class to create incentives for breed improvements.

- Conducting and sponsoring of education programs including horse management clinics, showmanship courses, etc.

C. RECOMMENDATIONS

Our recommendations regarding the steps required to achieve the potential of the B.C. horse industry are as follows:

1. The level of financial and technical support provided to the horse industry by the B.C. Ministry of Agriculture and Food should be increased.

Accordingly, a full time Horse Specialist should be appointed. The duties of the Horse Specialist should include the following:

- Reporting of statistics on the size of the B.C. horse industry;
- Liaison between horse industry members (e.g. facilitate organization of seminars, conventions, etc.)
- Provision of information regarding programs and services available from other government agencies.
- Provision of educational and technical assistance to breeders.

Specific programs should also be developed by the B.C. Ministry of Agriculture and Food to assist the industry. Some of the programs required are as follows:

- Educational programs and courses in business management, promotion and marketing;

- Marketing and promotional grants (i.e. establishment of trade booths, advertising in foreign publications, market trade shows, etc.) to assist breeders to exploit domestic and international markets.

- Travel grants to aid breeders in displaying their top quality horses at national and international horse shows.

2. A Horse Improvement Program should be initiated by the B.C. horse industry to enhance the quality of B.C. purebred horses.

As part of this program, annual horse shows should be held where purebred horses are individually appraised in competition with other horses of the same breed and class. Prize money should be paid to winners. The program should be planned by a committee of breed representatives and the B.C. Ministry of Agriculture and Food through the Horse Specialist. The program would initially include classes for the major B.C. breed such as the Arabian, Quarter Horse,

Thoroughbred, Standardbred, and Morgan. The advantage of participating in the program would include a written appraisal of the horse and exposure of the horse and breeder to the public.

3. An organization consisting of all purebred breeders in B.C. should be established.

   The purpose of the organization would include the following:

   - The investigation of opportunities in different national and international markets;
   - The development of a marketing campaign to promote B.C. purebreds in both Canada and other countries;
   - Preparation of briefs to Revenue Canada to change the existing tax provisions regarding the horse breeding industry.

   A representative of this association should be appointed to the Horse Council of B.C. to ensure the interests of breeders are represented by the Council.

4. An aggressive marketing campaign should be developed to achieve the sales potential of B.C. purebred horses.

   To achieve this potential, the level of promotion undertaken by individual breeders, breed associations, and the industry in general should be increased. The major elements of the marketing strategy should include the following:

   - Greater participation of top quality B.C. animals in national and international competitions;
   - Increased advertising by breed and industry publications to promote B.C. purebred horses;
   - Distribution of promotional material in printed and video form to make potential buyers aware of the high quality of B.C. horses.